

Message Text

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SUBJECT: MARKET FOR U.S. PLASTICS INDUSTRY PRODUCTS IN AFRICA

REF: USDOC 08943

GHANA'S PLASTIC INDUSTRY BEGAN WITH INDEPENDENCE IN 1957 AND HAS
EXPANDED CONSIDERABLY. CAPACITY GENERALLY SUFFICIENT TO SATISFY THE
COUNTRY'S MAJOR REQUIREMENTS. MOST OF THE APPROXIMATELY 40 FIRMS IN
INDUSTRY PRODUCE A VARIETY OF CONSUMER ITEMS. ONLY A FEW MANUFACTURE
PRIMARY INDUSTRIAL PRODUCTS AND STILL FEWER COMPANIES PRODUCE ITEMS
FOR THE CONSTRUCTION AND ALLIED TRADES. PRODUCTS INCLUDE P
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PAGE 02 ACCRA 04772 231051Z

BAGS, SHEETS AND FILMS, PVC PIPES, TUBES AND PIPE FITTINGS, CONDUIT
PIPES FOR ELECTRICAL WIRING, HOUSEHOLD UTENSILS, INDUSTRIAL
UTILITY CONTAINERS, GARDEN HOSES, FLOATS FOR FISHING NETS, INSULA-
TION AND PACKING MATERIALS AND FOAM PLASTIC PRODUCTS. OF FOUR
COMPANIES LICENSED TO MAKE ARTIFICIAL LEATHER, ONLY TWO ARE IN
PRODUCTION. U.S. IS LEADING SUPPLIER OF ARTIFICIAL LEATHER TO GHANA.

2. MOST PRODUCTS IN WHICH GHANA IS SELF-SUFFICIENT, HAVE BEEN PLACED ON RESTRICTED LIST, IMPORTS OF WHICH ARE CONTROLLED. THESE INCLUDE PRODUCTS FORMERLY SUPPLIED BY U.S., SUCH AS PLASTIC SHEETS, STRIPS, FILM AND FOIL; ARTIFICIAL PLASTIC MATERIALS IN BLOCKS, LUMPS, POWDER, GRANULES, FLAKES AND SIMILAR BULK FORMS; PLASTIC HOUSEHOLD UTENSILS AND FOOTWEAR. POTENTIAL FOR MACHINERY SALES LIMITED BECAUSE OF PAST INVESTMENT IN PLASTIC INDUSTRY AND THE RESTRICTED-INVESTMENT POLICY. GOG NOT LICENSING NEW INVESTMENT IN PVC PIPES, POLYTHENE BAGS, PLASTIC OR ARTIFICIAL LEATHER BAGS AND FOOTWEAR, COMBINATION STEEL AND PLASTIC FURNITURE, AND FOAM AND SPRING MATTRESSES. EUROPE (NOTABLY WESTERN GERMANY, BELGIUM, U.K.) AND JAPAN ARE TRADITIONAL SOURCES OF MACHINERY AND RAW MATERIALS FOR THE GHANAIAN INDUSTRY. WITH COMPETITIVE PRICES AND CONDITIONS U.S. SHOULD BE ABLE TO SUPPLY RAW MATERIALS FOR LOCAL PLASTIC INDUSTRY.

3. INDUSTRY CAPACITY LIMITS FUTURE U.S. INVESTMENT IN PLASTIC INDUSTRY.

GHANA'S CONTINUING FOREIGN EXCHANGE CONSTRAINT IS ANOTHER FACTOR DISCOURAGING INVESTMENT BY OUTSIDERS. MOST FOREIGN FIRMS OPERATING IN GHANA HAVE NOT TRANSFERRED THEIR PROFITS FOR SEVERAL YEARS. GOG DOES NOT DENY THEIR RIGHT TO SOMEDAY REPATRIATE EARNINGS, BUT FOREIGN EXCHANGE HAS NOT BEEN MADE AVAILABLE. GOG INVESTMENT POLICY DECREE REQUIRES 40-O/O GHANAIAN PARTICIPATION IN PLASTICS FIRM IF SALES OR CAPITAL EMPLOYED EXCEEDS 500,000 CEDIS (ONE CEDI EQUALS US\$0.87). IF LESS, GHANAIAN PARTICIPATION MUST BE 50-O/O. SMITH
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PAGE 03 ACCRA 04772 231051Z

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